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Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

IO-10 AID-05 TRSE-00 FEA-01 EB-07 COME-00 OMB-01

EUR-12 /091 W
---------- 065786
R 230917Z MAR 75
FM AMEMBASSY ABU DHABI
TO /SECSTATE WASHDC 2733
INFO AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 1 OF 2 ABU DHABI 0631

E.O. 11652: GDS
TAGS: PINT, TC
SUBJ: POLITICAL SCENE IN UNITED ARAB EMIRATES

1. SHAIKH ZAYID, NOW BACK FROM HIS USUAL SIX WEEKS WINTER VACATION OF FALCON-HUNTING IN SOUTH ASIA, HAS RETURNED TO A HEAVY AGENDA OF BUSINESS ON THE INTERNAL FRONT. PAST YEAR HAS BEEN ONE OF CONCENTRATION ON FOREIGN AFFAIRS WITH ZAYID ALMOST CONSTANTLY EITHER IN MOTION ABROAD OR RECEIVING FOREIGN VISITORS HERE. IN OPINION OF MANY OF HIS ADVISORS IT IS HIGH TIME FOR HIM TO STAY AT HOME FOR AWAHILE TO GIVE HIS UNDIVIDED ATTENTION TO DOMESTIC AFFAIRS. WHILE STREAM OF FOREIGN VISITORS PROBABLY CANNOT BE TURNED OFF, WE KNOW OF LITTLE FOREIGN TRAVELLING PLANNED FOR ZAYID FOR NEXT FOUR MONTHS. TRIP TO IRAN SOMETIME THIS SPRING IS BEING SPOKEN OF, BUT NO FIRM DATE HAS BEEN SET. HE MAY THEREFORE BE HERE UNTIL MID-JULY WHEN VISIT TO FRANCE

AND PERHAPS OTHER COUNTRIES AS WELL IS TENTATIVELY PLANNED AT START OF ZAYID'S SUMMER VACATION.
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2. PREOCCUPIED WITH FOREIGN AFFAIRS HAS ALSO BROUGHT ABOUT ANOTHER YEAR OF LARGE COMMITMENTS OF ABU DHABI MONEY TO OUTSIDERS. THIS, COMBINED WITH SUDDEN DROP IN OIL INCOME THIS FIRST QUARTER, HAS LED TO SPECULATION THAT PINCH WOULD BE FELT IN FEDERAL AND EVEN ABU DHABI EMIRATE DEVELOPMENT PROJECTS. ONE OF RULERS SAID TO AMBASSADOR WHEN SUBJECT AROSE, "AFTER ALL, IT'S SHAIKH ZAYID'S MONEY--HE CAN SPEND IT THE WAY HE WANTS." BUT THERE WAS NOTE OF FORCED GENIALITY AS HE SAID IT. OLD PRINCIPLE THAT SHAIKH HAS AUTOCRATIC RIGHT TO DISPOSE OF HIS WEALTH AS HE SEES FIT IN GIVING WAY--
PERHAPS NOT SO SLOWLY--TO CONCEPT THAT HE HAS OBLIGATION TO SPEND IT IN MANNER THAT BENEFITS HIS PEOPLE. SENTIMENT HAS UNQUESTIONABLY GROWN HERE RECENTLY THAT ZAYID, IF HE WANTS TO BE LEADER OF THE WHOLE FEDERATION, SHOULD BE TENDING MORE TO LOCAL NEEDS.

3. ZAYID, WHO REPORTEDLY HAS SENSITIVE ANTENAE FOR SUCH THINGS, PROBABLY READS SITUATION CORRECTLY, AND WILL SPEND THIS SPRING TRYING TO TAKE CORRECTIVE ACTION. HE HAS NOW EMBARKED ON LEISURELY TOUR OF OTHER EMIRATES. THIS IS AN ANNUAL AFFAIR, THE LOCAL POLITICAL EQUIVALENT TO THOSE MOMENTS WHEN US PRESIDENTS DECIDE IT IS TIME TO PUT STATECRAFT ASIDE TO GIVE SIX SPEECHES EXCORIATING THE OTHER PARTY, ALL IN STATES WITH LARGE ELECTROAL VOTES. ZAYID WILL LISTEN AT LENGTH TO OTHER RULERS CONCERNS, WILL VISIT THEIR DEVELOPMENT PROJECTS, AND WILL RESPOND GENEROUSLY TO THEIR REQUESTS FOR FEDERAL ASSISTANCE.
HE ENJOYS THIS ROLE, AND WE UNDERSTAND CARRIES IT OFF VERY WELL.

4. AT SAME TIME, MANY ITEMS HAVE PILED UP HERE IN ZAYID'S ABSENCE REQUIRING TOUGH-MINDED GOVERNMENTAL DECISIONS. MOST IMPORTANT OF THESE IS QUESTION OF GOVERNMENT'S RELATIONSHIP WITH OIL INDUSTRY. FORTUNATELY, AND UNLESS NEGOTIATIONS WITH COMPANIES BREAK DOWN AT LAST MINUTE, GOVERNMENT APPEARS TO HAVE TAKEN SENSIBLE DECISION BASED ON SELF-INTEREST TO COME TO TERMS WITH COMPANIES AT LEAST THROUGH 1975, EVEN AT PRICE OF PARTING WAYS WITH OTHER GULF PRODUCERS. REPORTEDLY THIS WAS VICTORY OF ADVICE OF FOREIGN MINISTER SUWAIDI AND MAHDI TAJIR OVER THAT OF MIN PET OTAIBA AND PERHAPS OTHERS WHO TOOK THAT ABU DHABI COULD NOT AFFORD POLITICALLY TO SWIM AGAINST THE OPEC CURRENT.

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5. ALTHOUGH PRODUCTION LEVEL FOR REST OF YEAR IS NOT PRECISELY PINNED DOWN, COMPANIES HAVE REPORTEDLY AGREED TO STRIVE FOR LIFTINGS WHICH WOULD GIVE ABU DHABI A 1.5 MBD AVERAGE FOR YEAR. AT SOMEWHAT LOWER PRICES THAN THOSE PREVAILING IN 1974, THIS SHOULD PRODUCE ROUGHLY SAME INCOME AS ABU DHABI RECEIVED LAST YEAR--ABOUT $3.5 BILLION. WITH FIRST QUARTER LOW PRODUCTION STATISTICS STARING HIM IN FACE, ZAYID'S FINANCIAL ADVISOR JOHN BUTTER PREPARED 1975 BUDGET ON ASSUMPTION THAT PRODUCTION FOR YEAR WOULD NOT BE GREATER THAN ONE

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MILLION B/D, POINTING OUT THAT THIS WOULD MEAN ECONOMIZING IN MANY AREAS. THIS UNPLEASANT DOCUMENT WAS KICKED BACK TO BUTTER BY ZAYID WITH INSTRUCTIONS TO PLAN ON BASIS OF 1.5 MBD PRODUCTION. BUTTER'S PRESENTATION, SETTING DOWN IN BLACK AND WHITE HARD DECISIONS THAT WOULD HAVE TO BE MADE IF INCOME DROPPED, WAS PROBABLY ONE OF FACTORS THAT HELPED ZAYID ON HIGH-PRODUCTION, LOW-PRICE POLICY IN TERMS OF COMING AGREEMENT WITH OIL COMPANIES. WITH GOVERNMENT NOW BASING ITS PLANS AND EXPENDITURES ON THIS INCOME, WE THINK THERE IS GOOD CHANCE THAT IT WILL FIND WAYS OF SHAVING PRICE IN EFFORT TO MAINTAIN PRODUCTION DURING COMING YEAR RATHER THAN SUBJECT ECONOMY TO ANOTHER SHARP DROP IN INCOME. EVEN SO IT IS MOOT, GIVEN SAGGING WORLD OIL MARKET, WHETHER COMPANIES WILL BE ABLE LIFT THIS MUCH OIL FROM ABU DHABI. BUTTER'S ORIGINAL ESTIMATE MAY TURN OUT TO BE CLOSER TO MARK.

6. HOWEVER, SETTLEMENT WITH COMPANIES, AND APPROVAL OF BUDGET, MAY ENABLE GOVERNMENT TO PROCEED WITH DEVELOPMENT PLAN FOR FEDERATION WHICH HAS BEEN PREPARED BY MINISTRY OF PLANNING. SOMETHING OF THIS SORT IS LONG OVERDUE (UP TO NOW PROJECTS IN THE OTHER EMIRATES HAVE BEEN APPROVED ON AD HOC BASIS) BUT MINISTRY'S DOCUMENT HAS BEEN HELD UP PENDING CLARIFICATION AS TO HOW MUCH ABU DHABI MONEY WILL BE AVAILABLE TO FUND FEDERAL GOVERNMENT PROGRAM.

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

IO-10 AID-05 TRSE-00 FEA-01 EB-07 COME-00 OMB-01

EUR-12 /091 W
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R 230917Z MAR 75
FM AMEMBASSY ABU DHABI
TO SECSTATE WAHSDC 2734
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AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 2 OF 2 ABU DHABI 0631

7. ALSO HANGING IN BACKGROUND ARE DECISIONS ABOUT GOVERNMENTAL REORGANIZATION AND FUTURE OF FEDERAL-STATE RELATIONSHIP. LAST SUMMER AND FALL WE HEARD A LOT FROM FON MIN SUWAIDI AND HIS CLOSE COLLEAGUE IN THESE MATTERS MAHDI TAJIR ABOUT A HARD-HITTING PROGRAM TO BRING YOUNG, COMPETENT MEN INTO MINISTRIES, AND TO BRING PRESSURES ON OTHER RULES TO COMMIT THEMSELVES MORE FULLY TO FEDERATION. AS FAR AS WE CAN TELL, ALL THESE PLANS HAVE BECOME MUCH MORE MODEST OF LATE. THERE MAY IN FACT BE SOME FEDERAL CABINET CHANGES IN COURSE OF POLITICAL ACTIVITY THIS SPRING, BUT BETTING IS THAT FOR FORESEEABLE FUTURE CABINET AS WHOLE WILL CONTINUE TO REFLECT RULING FAMILY CONNECTIONS RATHER THAN COMPETENCE. TASK OF STUDYING WHAT SHOULD BE DONE TO STRENGTHEN FEDERATION HAS BEEN GIVEN TO COMMITTEE, HEADED BY ONE OF NATION'S LEAST DYNAMIC SHAIKHS (AND IN ABU DHABI THAT'S SAYING GOOD DEAL), WHICH IS EXPECTED TO COME UP WITH RECOMMENDATIONS SHORTLY.

8. IN MEANTIME, SUWAIDI AND TAJIR HAVE BEEN WORKING ON SHAIKH RASHID OF DUBAI TO TRY TO GET HIM TO ADOPT MORE TOLERANT VIEW OF CONFIDENTIAL

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"MESS" IN ABU DHABI (AS RASHID HIMSELF WOULD DESCRIBE IT). THIS MUST BE UPHILL WORK, BUT TAJIR TELLS BRITISH AMBASSADOR THAT RASHID HAS FINALLY MADE UP HIS MIND TO MAKE SOME CGCTRIBUTION TO FEDERAL BUDGET THIS YEAR. THIS MAY TURN OUT TO BE TRUE, IN WHICH CASE IT WILL BE RASHID RECOGPIZING THAT SOONER OR LATER HE MUST BOW TO INEVITABLE. WE SEE NO SIGNS OF REAL CHANGE OF ATTITUDE ON HIS PART, AND CONTRIBUTION, IF AND WHEN IT COMES, IS LIKELY TO BE MINIMUM HE FEELS HE CAN GET AWAY WITH.

9. ANOTHER AREA OF FEDERAL-STATE RELATIONSHIP IN WHICH MORE RELAXED, PHILOSOPHICAL ATTITUDE SEEMS TO HAVE BECOME ORDER OF DAY IS THE MILITARY. LAST SUMMER SHAIKH MUHAMMAD BIN RASHID, MINISTER OF DEFENSE, WAS TAKING LINE THAT "SOMETHING MUST BE DONE" TO UNIFY VARIO US
MILITARY ESTABLISHMENTS IN UAE. MOST RECENT COMMENT HE MADE TO US ON THIS SUBJECT WAS FAR MORE MODEST IDEA OF ESTABLISHING "LIAISON UNITS" BETWEEN THE VARIOUS FORCES. AND HE NOW DOWNPLAYS NEED FOR MORE DRASTIC REFORM BY SAYING THAT IN EVENT OF ANY FORESEEABLE CRISIS VARIOUS COMMANDS WOULD ACT TO SUPPORT ONE ANOTHER.

10. IN THE MAIN, THEREFORE, AND INSPITE OF ZEAL OF SOME OF HIS RE-SPECTED ADVISORS, MOST OBSERVERS HERE THINK THAT ZAYID'S DISPOSITION IS TO MOVE SLOWLY TO CHANGE PRESENT STYLE OF GOVERNMENT--WHICH INVOLVES LIBERAL MEASURE OF BENIGN NEGLECT IN MANY DEPART-MENTS--FOR SOMETHING BETTER ORGANIZED AND MORE DYNAMIC. AS IT IS PRESENTLY CONSTITUTED FEDERAL STRUCTURE IS NOT SOMUCH JOINT VENTURE

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AMONG RULERS AS IT IS PERSONAL INSTRUMENT FOR SHAIKH ZAYID, AND IT IS
HARDLY SURPRISING THAT HE MAY RATHER LIKE IT THAT WAY.
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